

Message Text

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44

ACTION NEA-10

INFO OCT-01 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01

COME-00 DODE-00 EB-07 FEAE-00 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06

SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00 PA-01 PRS-01

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R 180705Z SEP 75

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 3542

INFO AMEMBASSY JIDDA

AMEMBASSY KUWAIT

C O N F I D E N T I A L TEHRAN 9211

EO 11652: GDS

TAGS: ENRG, IR

SUB: COMMENT ON CONSORTIUM/NIOC BUDGET MEETING

REF: TEHRAN 8792

1. FACT THAT SUBJECT MEETING TRANSPIRED IN ATMOSPHERE OF SWEETNESS AND LIGHT DOES NOT RPT NOT MEAN THAT CONSORTIUM MEMBERS AND NIOC HAVE SETTLED THEIR PREVIOUSLY REPORTED DIFFERENCES ON FINANCIAL ISSUES, INCLUDING QUESTION OF HOW MUCH (IF ANY) MEMBERS WILL CONTRIBUTE TO THE CAPITAL PROGRAM IN THE KHUZESTAN OIL FIELDS. BY PRIOR AGREEMENT, THESE ISSUES WERE NOT DISCUSSED AT THE BUDGET MEETING (" THAT NON-MEETING" IN THE CONSORTIUM REPS' WORDS), PARTLY BECAUSE HIGH-LEVEL NIOC OFFICIALS WHO CAN DISCUSS THEM WERE OUT OF TOWN. BUDGET MEETING, IN SUM, WAS REVIEW AT TECHNICAL LEVEL, AS STIPULATED BY 1973 PURCHASE AGREEMENT JND SERVICE CONTRACT.

2. MEMBERS STILL DO NOT RPT NOT INTEND TO PROVIDE 40 PERCENT
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OF MONEY FOR SO LARGE A PROGRAM.

ONE OF MEMBERS' REPS PRIVATELY
ASKED NABEGH (NIOC DIRECTOR FOR EXPLORATION AND PRODUCTION) WHAT
WOULD HAPPEN IF SAG AND ARAMCO CONCLUDE AGREEMENT UNDER WHICH
SAG WOULD PROVIDE 100 PERCENT OF CAPTIAL: WOULD NIOC FOLLOW
SAG'S EXAMPLE, AND IF SO, WOULD IT CONTINUE AN INVESTMENT PROGRAM
OF THE SAME SIZE? DSNRH APPEARED GENUINELY SURPRISED AND
REPLIED "I DON' KNOW." THOUGH NABEGH IS OPERATING EXECUTIVE
WHO DOES NOT DEAL WITH POLITICAL AND FINANCIAL ISSUES, HIS
ANSWER TENDS TO CONFIRM THAT NIOC HAS NOT YET COME TO TERMS
WITH QUESTION OF ITS FUTURE RELATIONSHIP WITH MEMBERS AND
FUTURE FINANCING OF THE OIL FIELDS DEVELOPMENT PROGRAM. THERE
REMAINS A STRONG INCLINATION TO WAIT-- FOR THE OPEC
MEETING, FOR SAG TO SETTLE WITH ARAMCO. MEMBERS INDICATE,
HOWEVER, THAT IF SAG/ARAMCO TALKS CONTINUE TO LAG, THEY MAY
HAVE TO PRESS GOI TO TAKE THE LEAD IN FORGING A NEW RELATIONSHIP.
MILLS

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Margaret P. Grafeld
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